



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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March 28, 1994

Mr. Larry Sower  
High Desert Consulting  
P.O. Box 10  
Milford, Utah 84751

Re: Surety Release Request, Crystal Peak Minerals Corporation, Sevier Dry Lake Project,  
M/027/008, Millard County, Utah

Dear Mr. Sower:

Thank you for your letter dated December 20, 1993, regarding the status of reclamation work that has been performed at the Sevier Dry Lake Project, on behalf of Crystal Peak Mineral Corporations (CPMC). Your letter requested that CPMC's reclamation liability/responsibility for the project be terminated and that the reclamation sureties be released.

On March 4, 1994, BLM and DOGM staff members met with you and performed a joint inspection of the Sevier Dry Lake Project area for the purpose of responding to your request. For your reference, I have attached a copy of our file memo which outlines the observations and discussions that occurred during the site inspection. We have received a copy of a March 14, 1994, BLM letter which was sent to you in response to your December 20, 1993 request and our March 4, 1994, joint inspection.

The Division is in agreement with the observations and recommendations as outlined in the BLM letter. With regard to your suggestion that the current \$5,000 State Lands and Forestry bond be transferred to DOGM to cover the possible requirement to reseed the reclaimed areas, we offer the following comments:

1. A reclamation bond held by the Division of State Lands and Forestry (DSLRF) may only be used to reclaim mining-related disturbances associated with the applicable state mineral lease. It cannot be used to reclaim disturbances on private or federally managed lands.
2. The existing DSLRF reclamation bond may be transferable over to this Division, however the legal procedures for doing so would have to worked out between the surety company, this Division and the DSLRF.
3. If this is DSLRF's preferred option, then the simplest mechanism would probably be to have a rider prepared to the existing \$5,000 bond, naming the State of Utah, Division of Oil, Gas and Mining and the U.S. Department of the Interior, BLM, as alternate co-holders of the bond.



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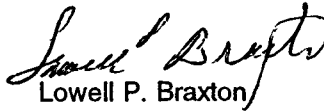
Pursuant to a telephone conversation I had on March 23, 1994, with Mr. Oliver Gushee, legal counsel for DSLF, he indicated that two other surety options may be preferred by his client as follows:

- Option A. -** Leave a sufficient amount of reclamation surety coverage in place (equivalent to the amount required for supplemental reseeding efforts, @\$2000), that is presently held by the Division under the \$59,000 Board (self-bonding) Contract.
- Option B. -** Leave the residual amount of surety in place that will remain following the completion of ongoing negotiations between CPMC and the BLM/MMS office, which presently holds the \$53,000 surety bond. Mr. Gushee believes that this bond will contain a sufficient residual dollar amount to satisfy any supplemental reseeding requirements, once MMS completes their rental fee payment calculations.

It is the Division's opinion that satisfactory reclamation has been performed by CPMC to reduce the reclamation bonding requirements to the amount calculated to perform supplemental reseeding efforts. We recommend that a minimum \$2,000 surety amount be retained to cover the cost of reseeding which will be held until the Division and BLM jointly determine that the revegetation success standards have been achieved. Our preference would be to have the present DSLF surety bond transferred over to this Division, or a new surety bond filed in our name and the BLM's to cover the reseeding cost estimate.

We anticipate at least three growing seasons will need to pass before the site may be eligible for a final release determination. Please let us know which reclamation surety provision CPMC wishes to pursue, and contact me at your earliest convenience so we may resolve the surety release request as expeditiously as possible.

Sincerely,

  
Lowell P. Braxton  
Associate Director

jb  
Attachment  
cc: Rody Cox, BLM, Warm Springs RA  
Oliver Gushee - Pruitt, Gushee & Bachtell  
John Blake, DSLF  
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